

# Only Mine or All Ours: Do Stronger Entitlements Affect Altruistic Choices in the Household

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**Summary.** — We introduce a novel allocation game to investigate the role of entitlements in household decision-making. Subjects can allocate their earnings on joint consumption good, or on gender-specific private consumption good. Subjects' consumption choices are observed under two treatments: earning with effort, and earning without effort. Women's choices for the joint consumption good in the household remain largely independent of the treatment. In contrast, men exhibit a stronger preference for private consumption good in the effort treatment. Additionally, using a survey we find that the observed choices in the experiment are consistent with existing social norms in our subject population.

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## 1. INTRODUCTION

Household is the core decision-making unit of all economic activities. Consequently, there has been considerable theoretical and empirical work in economics analyzing decision-making in the household and its effects on household welfare (Becker, 1981, 1965; Kusago & Barham, 2001; Lundberg & Pollak, 2003; Samuelson, 1956; Sen, 1990). The literature suggests that men and women often have different bargaining powers that lead to different welfare outcomes for the family (Duflo & Udry, 2004; Fafchamps & Quisumbing, 1999; Mani, 2011; Munro, Kebede, Tarazona-Gomez, & Verschoor, in press; Prabhu, 2010; Udry, 1996).

An unequivocal picture seems to emerge however of women being the more altruistic member in the family compared to their male counterparts. Empirical evidence from different countries suggests that they provide stronger patronage to overall family welfare, and promote joint household consumption more (Datt & Jolliffe, 2005; Imai, Annim, Kulkarni, & Gaiha, 2014; Quisumbing, 1996; Udry, Hoddinott, Alderman, & Haddad, 1995). These findings indicate a clear direction toward endowing women in the household with a greater decision-making role in an effort to foster and improve family welfare (Kabeer, 1999). In fact some developing countries have already started a purposeful shift toward promoting women's role as the primary decision-maker in their targeted welfare policies (De Brauw, Gilligan, Hoddinott, & Roy, 2014).<sup>1</sup>

Interestingly though, there is relatively little work that examines whether such demonstrated altruistic preferences by wives in the household are affected by changes in the way resources were earned, and associated feelings of entitlements. Since husbands and wives in the household, can have different roles due to historical reasons, social conventions or current economic conditions, it begs the question whether altruistic choices among household partners depend on their entitlements over economic resources. We ask: "Do stronger entitlements over economic resources affect altruistic decision-making in the household?" Our experiment results reply in the affirmative.

Laboratory experiments on individual decision-making suggest that there can be gender differences (or the lack of it) in behavior depending on the nature of the task and the experimental design. However, results in allocation games largely support the stereotypes of the more selfless woman and individually oriented man (Andreoni & Vesterlund, 2001; Bolton & Katok, 1995; Dickinson & Tiefenthaler, 2002; Dufwenberg & Muren, 2006; Eckel & Grossman, 1996; Eckel & Grossman, 1998).<sup>2</sup> A small body of work additionally focuses on economic decision making in mixed gender pairings (Cadsby, Servátka, & Song, 2010; Dasgupta, 2011; Sutter, Bosman, Kocher, & Winder, 2009) to find effects of gender pairing, although inconclusive. An overall consensus that arises from the literature is that women are more sensitive than men to experiment treatments, social cues, and norms in determining appropriate behavior (Cox & Deck, 2006; Gilligan, 1982; Krupka & Weber, 2013).

A second strand of experimental evidence on individual decision-making indicates that varying the process of earning resources affects perceptions of entitlement and influences choices in a variety of economic scenarios.<sup>3</sup> In particular, Dasgupta (2011), Oxoby and Spraggon (2008), Rutsröm and Williams (2000), Hoffman *et al.* (1994), Hoffman and Spitzer (1985) find that the frequency of self-regarding choices generally increase when subjects earn the resources or the rights to be the allocators compared to a situation where subjects are randomly assigned to be the allocators.

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Evaluating decision-making in the *household* however, can be complicated. The close proximity of the decision-makers, along with repeated interactions in multiple dimensions, increases the complications (Basu, 2006; Lundberg & Pollak, 2003). While there have been attempts to use very different investigative tools to gather reliable data on household decision-making (Almeida & Kessler, 1998; Bolger, Davis, & Rafaeli, 2003; Larson & Almeida, 1999), a controlled experiment environment can circumvent some of the potential biases that arise exclusively in survey-based data gathering exercises (see Mani (2011) and Bertrand and Mullainathan (2001) for a discussion).

So far the experimental work on household decision-making has focused primarily on issues of efficiency in joint decision-making and consistently finds evidence against it (see Mani (2011) for a review). Results suggest considerable information hiding tendencies between the two members of the household, as well as loss of efficiency and economic surplus (Ashraf, 2009; Castilla, 2014; Iversen, Jackson, Kebede, Munro, & Verschoor, 2011; Mani, 2011; Munro, Bateman, & McNally, 2008; Munro *et al.*, in press). Results indicate that economic dependency along with age and the level of household income affects women's decision-making power in the household (Bateman & Munro, 2005; Carlsson, He, Martinsson, Qin, & Sutter, 2012a, 2012b).

In contrast to the above literature that focuses primarily on implications and plausibility of the unitary household model of decision-making (Becker, 1981), and issues of efficiency in decision-making in the household more generally, we focus on eliciting the role of entitlements on altruistic consumption choices among husbands and wives.<sup>4</sup> As suggested by Andreoni, Harbaugh, and Vesterlund (2008), an altruistic consumption choice in our extra-lab experiment indicates consequence/considerations for others in the household and affects one's own choice (although, it might or might not imply sacrifice on one's own part); although ulterior motives might exist alongside altruistic choices, they are not the only motives for the behavior.

We introduce a novel allocation game to examine whether changes in the way economic resources are earned affect altruistic choices in the household. Subjects in our experiment are randomly assigned to one of the two treatments—(a) no-effort: where a subject receives money for consumption without performing any task, and (b) effort: where a subject performs a task to earn money for consumption. In both treatments subjects choose between a private consumption bundle and a joint household consumption bundle. We also implement a survey to evaluate cultural norms among our subject population using the Krupka and Weber (2013) framework.

We find that subjects assigned to the effort treatment have an overwhelming tendency to choose the private consumption bundle over the joint consumption bundle. However, when we separate our results by gender, we find women's choices for joint consumption in the household remain largely independent of the treatment. In contrast, men exhibit a stronger preference for the private consumption bundle in the effort treatment. Our results seem to suggest that regardless of the way economic resources are earned, women in the household are relatively more altruistic in their consumption choices compared to males; further, such a behavior is consistent with existing social norms.

## 2. EXPERIMENT

Due to the complexity of a dynamic decision making environment we do not explicitly test a theoretical model. However, we provide a theoretical sketch in Appendix 4 to situate our experiment better. We follow the basic framework

of the separate spheres bargaining model (Lundberg & Pollak, 1993) where socially evolved gender norms provide focal points for gender-specific tacit division of responsibilities.

### 2.1 The Household Consumption Game

To examine altruism in consumption choices in the household, we introduce the “Household Consumption Game,” a novel allocation game that retains the within-game non-strategic set-up of the dictator game.<sup>5</sup> Each decision-maker was asked to choose between a bundle containing private consumption goods, and a bundle containing joint household consumption goods. Food items were representative of joint consumption; personal clothing was representative of “assignable” and excludable personal consumption (see Browning, Bourguignon, Chiappori, & Lechene, 1994; Lundberg, Pollak, & Wales, 1997).

The decision-maker was presented with the two options and asked to use the money from the experiment to choose one of them. The private consumption bundle for males contained a shirt and a pair of trousers; the private consumption bundle for females contained two Sarees. The joint household consumption bundle contained staple food grains (8-kg rice and 1-kg lentil). Each consumption bundle was valued at Rs. 200. It is useful to point out that Rs. 200 was equivalent to a little over a day's worth of average wage for our subject sample.<sup>6</sup> At the end of the experiment, the decision-maker was given a store credit receipt (from designated stores) specifying their choices.<sup>7</sup> We believe that our Household Consumption Game ensures that the possibility of reversibility of intra-household transfers between the couples, post-experiment, is substantially reduced due to the nature of our payoffs; they were specified in terms of real commodities and not money which would be relatively more fungible.

### 2.2 Treatments

In the baseline no-effort treatment the subjects were told that they have received Rs. 200 and were asked to choose one of the two consumption bundles. They were shown samples of clothing items as well as the staple food bundle before making their choices.

In the effort treatment, to induce a stronger sense of entitlement, the decision-maker was asked to participate in a task prior to choosing a bundle (Cox, Friedman, & Gjerstad, 2007). Our effort task was purposefully kept simple keeping in mind our subject population in the extra-lab experiment (see related discussion in Dasgupta, Gangadharan, Maitra, Mani, & Subramanian, 2012). Previous extra-lab experiments confirm that similar tasks provide considerable treatment effects in our context (see Barr, Justine, Miller, & Shaw, 2011; Jakiela, 2011). In the effort treatment, the subject was presented with four plastic bowls, three empty and one containing red, blue, and white poker chips, and was asked to separate in five minutes the chips into the three bowls—one containing only white chips, a second containing only red chips, and the third containing only blue chips. If they were successful, they could choose one of the two bundles described above. If they could not complete the task in the allotted time they were promised only the show-up fee of Rs. 50. Note, that 5 min were sufficient to complete the task, and all subjects in the effort treatment successfully completed the task.

### 2.3 Procedure

The experiment was conducted in Bhogal, a prominent resettlement colony situated in South Delhi, India. In preparation for the experiment, we surveyed a subset of members in

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